



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 • FAX: 217) 785-4111

DOCKET ITEM: C-2	BOARD MEETING: December 6-7, 2011	EXEMPTION NUMBER: E-013-11
EXEMPTION APPLICANT(S): Alexian Brothers Health System, Ascension Health		
FACILITY NAME and LOCATION: Alexian Brothers Medical Center, Elk Grove Village		

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants are Alexian Brothers Health System and Ascension Health. The applicants are proposing a change in control of the health care facility's operation, physical plant, and assets. The FMV of the transaction is \$225,391,000.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- 20 ILCS 3960 states that a change of control of a licensed health care facility requires approval of the State Board. Ascension Health has an "AA+" Bond rating, therefore the **applicant qualifies for an exemption to the certificate of need application.**

PURPOSE OF THE PROJECT:

- To seek approval of the State Board for a change of ownership of a health care facility as required by the 20 ILCS 3960.

BACKGROUND/COMPLIANCE ISSUES:

- There were no background or compliance issues associated with the applicants.

FINANCIAL AND ECONOMIC FEASIBILITY:

- Ascension Health has an "AA+" Bond rating. Fitch notes *"Ascensions' broad scope of operations, preponderance of high performing providers with strong market positions, consistent operating results, well developed management practices and low debt burden combine to support Fitch's highest long term rating for acute care systems. Due to the wide geographic dispersion of its operations, Ascension's financial results are relatively insulated from local regional, economic, political, and demographic changes that could negatively impact pricing, inflation, and/or patient volumes."*



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CHARITY CARE:

- The applicants have attested that there will be no change in charity care for two years after project completion. The 2010 Hospital Profile Information is attached at the end of this report.

CONCLUSION:

- **All requirements of the exemption application have been met. 20 ILCS 3960/6 states "The State Board shall establish by regulation the procedures and requirements regarding issuance of exemptions. An exemption shall be approved when information required by the Board by rule is submitted.** Projects eligible for an exemption, rather than a permit, include, but are not limited to, change of ownership of a health care facility. For a change of ownership of a health care facility between related persons, the State Board shall provide by rule for an expedited process for obtaining an exemption. In connection with a change of ownership, the State Board may approve the transfer of an existing permit without regard to whether the permit to be transferred has yet been obligated, except for permits establishing a new facility or a new category of service."



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STATE AGENCY REPORT
CHANGE OF OWNERSHIP EXEMPTION

I. The Exemption Application

The applicants, Alexian Brothers Health System and Ascension Health are proposing a change in the membership or sponsorship of a not for profit corporation that owns or controls an Illinois licensed health care facility, as well as the physical plant and assets. Per the Strategic Affiliation Agreement between the two applicants, Ascension Health will become the sole corporate member of Alexian Brothers Medical Center, and Alexian Brothers Health System will operate as one of Ascension's Health Ministries. Board Staff notes there are two other facilities/exemption applications involved in the proposed transaction, they are Exemption E-012-11, St. Alexius Medical Center, Hoffman Estates, and E-014-11, Alexian Brothers Behavioral Health Hospital, Hoffman Estates. The fair market value of the facility to be acquired is \$225,391,000.

The Illinois Health Facilities Planning Act defines a change of ownership as

“ . . . a change in the person who has ownership or control of a health care facility's physical plant and capital assets. A change in ownership is indicated by the following transactions: sale, transfer, acquisition, lease, change of sponsorship or other means of transferring control.”

II. The Facility

Alexian Brothers Medical Center (ABMC) is a 387-bed acute care hospital located in Elk Grove Village. Table One below identifies the bed category of services and the authorized beds offered by the hospital, and their 2010 utilization.



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TABLE ONE

Alexian Brothers Medical Center, Elk Grove Village

2010 Utilization

Beds	Beds	Admissions	Days*	ALOS	ADC	Utilization	Target Occ.	Met Target
Medical Surgical	241	14,209	72,754	5.1	199.3	82.7	88%	No
Pediatric	16	0	0	0	0	0%	65%	No
Intensive Care	36	2,952	9,397	3.2	25.7	71.5%	60%	Yes
Obstetric	28	2,806	7,434	2.6	20.4	72.7%	78%	No
Rehabilitation	66	1,474	19,924	13.5	54.6	82.7%	85%	No
Total	387	21,441	109,509					

Information taken from the 2010 IDPH Hospital Questionnaire

*Includes Observation Days

III. The Applicant

Ascension Health is a Missouri-based nonprofit corporation that operates in more than 500 locations and twenty states. The applicants provided a listing of 77 acute care hospitals operating within the Ascension Health network (application, p. 27). Ascension Health has an AA+ bond rating.



IV. The Proposed Transaction and Attestations

Alexian Brothers Health System is proposing to combine its health care system and operations into Ascension Health, the largest not-for-profit Catholic health care system in the United States, as part of a corporate affiliation transaction. The proposed affiliation will result in the transfer of the ultimate control of Alexian Brother's three Illinois hospitals, St. Alexius Medical Center, Hoffman Estates (exemption application E-012-11), Alexian Brothers Medical Center, Elk Grove Village (exemption application E-013-11) Alexian Brothers Behavioral Health Hospital, Hoffman Estates (exemption application E-014-11). The applicants attest that Alexian Brothers Health System's decision to merge with Ascension Health is one that best fits Alexian Brothers' strategic plan, mission, culture, and financial goals. Both Ascension and Alexian Brothers Health Systems are catholic organizations, and will continue to abide by the *Ethical and Religious Directives for Catholic Health Care Services*. Ascension will offer expanded access to resources necessary for modern health care.

Part of the transaction involves Ascension's obligation to fund a portion of St. Alexius Medical Center's campus modernization program up to \$125,000,000, (Project #09-054), fund the defeasance of outstanding Alexian Brothers Health System debt, and fund an existing Alexian Brothers' long term care project in Tennessee up to \$30,000,000.

The applicants have attested that all beds and services will not substantially change for at least 12 months following the completion of the proposed transaction, and there will be no change resulting in the restriction of patient admissions or reductions in access to care or a more restrictive charity care policy. The applicants attest that an Alexian Brother will be the Chairman of Alexian Brothers Health System Board for a minimum of 4 years, and an Alexian Brother will serve on the Board of Trustees for Ascension Health. The applicants have certified that no adverse actions have been taken against them by the federal government, licensing or certifying bodies of the State of Illinois. The anticipated date for transaction completion is on or before January 1, 2012.



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VI. Other Information

Included in the information submitted to the State Board is the change of ownership exemption application for the proposed change of ownership of Alexian Brothers Medical Center, Elk Grove Village.

Ownership, Management and General Information			Patients by Race		Patients by Ethnicity	
ADMINISTRATOR NAME:	John Werrbach		White	86.9%	Hispanic or Latino:	6.6%
ADMINSTRATOR PHONE	(847) 981 - 5774		Black	2.6%	Not Hispanic or Latino:	91.0%
OWNERSHIP:	Alexian Brothers Health System		American Indian	0.0%	Unknown:	2.3%
OPERATOR:	Alexian Brothers Health System		Asian	6.0%	IDPH Number:	2238
MANAGEMENT:	Church-Related		Hawaiian/ Pacific	0.0%	HPA	A-07
CERTIFICATION:			Unknown:	4.5%	HSA	7
FACILITY DESIGNATION:	General Hospital					
ADDRESS	800 Biesterfield Road	CITY: Elk Grove Village	COUNTY:	Suburban Cook County		

Facility Utilization Data by Category of Service										
Clinical Service	Authorized CON Beds 12/31/2010	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy 12/31/2010	Staff Bed Occupancy Rate %
Medical/Surgical	241	246	240	14,209	68,786	3,968	5.1	199.3	82.7	81.0
0-14 Years				242	587					
15-44 Years				1,877	6,753					
45-64 Years				4,349	19,560					
65-74 Years				2,888	14,084					
75 Years +				4,853	27,802					
Pediatric	16	0	0	0	0	0	0.0	0.0	0.0	0.0
Intensive Care	36	36	34	2,952	9,372	25	3.2	25.7	71.5	71.5
Direct Admission				2,168	7,014					
Transfers				784	2,358					
Obstetric/Gynecology	28	24	24	2,806	7,207	227	2.6	20.4	72.7	84.9
Maternity				2,477	6,269					
Clean Gynecology				329	938					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds				0	0		0.0	0.0		
Acute Mental Illness	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Rehabilitation	66	66	64	1,474	19,924	0	13.5	54.6	82.7	82.7
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	387			20,657	105,289	4,220	5.3	300.0	77.526	
(Includes ICU Direct Admissions Only)										

Inpatients and Outpatients Served by Payor Source							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	46.5%	12.4%	0.2%	36.7%	1.9%	2.3%	
	9599	2570	48	7575	393	472	20,657
Outpatients	28.1%	12.7%	0.3%	57.0%	1.3%	0.6%	
	83507	37908	838	169771	3762	1917	297,703
Financial Year Reported: 1/1/2010 to 12/31/2010 Inpatient and Outpatient Net Revenue by Payor Source							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense
Inpatient Revenue (\$)	46.3%	3.4%	0.1%	46.1%	4.0%	100.0%	
	96,969,459	7,108,711	278,170	96,507,632	8,444,218	209,308,190	4,441,227
Outpatient Revenue (\$)	22.9%	3.0%	0.2%	67.0%	7.0%	100.0%	
	46,529,781	6,018,556	470,543	136,109,815	14,140,212	203,268,907	2,921,085
							Totals: Charity Care as % of Net Revenue
							7,362,312
							1.8%

Birthing Data		Newborn Nursery Utilization		Organ Transplantation	
Number of Total Births:	2,363	Level 1 Patient Days	4,583	Kidney:	0
Number of Live Births:	2,332	Level 2 Patient Days	2,057	Heart:	0
Birthing Rooms:	0	Level 2+ Patient Days	0	Lung:	0
Labor Rooms:	0	Total Nursery Patientdays	6,640	Heart/Lung:	0
Delivery Rooms:	2			Pancreas:	0
Labor-Delivery-Recovery Rooms:	10			Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	0			Total:	0
C-Section Rooms:	2				
CSections Performed:	756				
		Laboratory Studies			
		Inpatient Studies	569,437		
		Outpatient Studies	944,175		
		Studies Performed Under Contract	30,195		

Surgery and Operating Room Utilization

Surgical Specialty	Operating Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	2	2	308	33	1690	79	1769	5.5	2.4
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	12	12	1499	2273	4058	5038	9096	2.7	2.2
Gastroenterology	0	0	0	0	3	1	6	2	8	2.0	2.0
Neurology	0	0	0	0	258	96	1190	338	1528	4.6	3.5
OB/Gynecology	0	0	0	0	291	990	833	1953	2786	2.9	2.0
Oral/Maxillofacial	0	0	0	0	10	99	29	272	301	2.9	2.7
Ophthalmology	0	0	0	0	3	38	7	84	91	2.3	2.2
Orthopedic	0	0	0	0	1511	2220	5370	5791	11161	3.6	2.6
Otolaryngology	0	0	0	0	59	541	248	1404	1652	4.2	2.6
Plastic Surgery	0	0	0	0	59	334	166	821	987	2.8	2.5
Podiatry	0	0	0	0	122	666	299	1757	2056	2.5	2.6
Thoracic	0	0	0	0	168	53	579	144	723	3.4	2.7
Urology	0	0	1	1	357	750	994	1471	2465	2.8	2.0
Totals	0	0	15	15	4648	8094	15469	19154	34623	3.3	2.4
SURGICAL RECOVERY STATIONS			Stage 1 Recovery Stations		15		Stage 2 Recovery Stations		30		

Dedicated and Non-Dedicated Procedure Room Utilization

Procedure Type	Procedure Rooms				Surgical Cases		Surgical Hours			Hours per Case	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	6	6	1410	6220	2757	11657	14414	2.0	1.9
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	0	0	0	0	0	0	0	0.0	0.0
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
Multipurpose Non-Dedicated Rooms											
Minor Other	0	0	5	5	120	1279	94	1080	1174	0.8	0.8
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	4
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Labs	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	1

Emergency/Trauma Care

Certified Trauma Center	Yes
Level of Trauma Service	Level 1 Not Applicable
Operating Rooms Dedicated for Trauma Care	Level 2 Adult
Number of Trauma Visits:	0
Patients Admitted from Trauma	15,798
Emergency Service Type:	849
Number of Emergency Room Stations	Comprehensive
Persons Treated by Emergency Services:	34
Patients Admitted from Emergency:	29,946
Total ED Visits (Emergency+Trauma):	10,623
	45,744

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	3,489
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	1,787
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	1,184
EP Catheterizations (15+)	518

Cardiac Surgery Data

Total Cardiac Surgery Cases:	201
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	201
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	141

Outpatient Service Data

Total Outpatient Visits	383,388
Outpatient Visits at the Hospital/ Campus:	361,108
Outpatient Visits Offsite/off campus	22,280

Diagnostic/Interventional Equipment**Examinations****Radiation Equipment****Therapie:**

	Own	Contract	Inpatient	Outpt	Contract		Owned	Contract	Treatments
General Radiography/Fluoroscopy	22	0	33,809	47,519	0	Lithotripsy	0	0	0
Nuclear Medicine	4	0	2,584	2,526	0	Linear Accelerator	2	0	8,540
Mammography	7	0	44	22,463	0	Image Guided Rad Therapy	0	0	841
Ultrasound	11	0	8,540	18,124	0	Intensity Modulated Rad Thrpy	0	0	963
Angiography	2	0				High Dose Brachytherapy	0	0	0
Diagnostic Angiography			1,788	760	0	Proton Beam Therapy	0	0	0
Interventional Angiography			531	367	0	Gamma Knife	1	0	219
Positron Emission Tomography (PET)	1	0	10	886	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	6	1	17,099	28,890	0				
Magnetic Resonance Imaging	5	0	3,852	8,159	0				

Alexian Brothers Medical Center
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